

PG&E Comments

CAISO Detailed Ranking of High Priority Market Enhancements

Submitted by	Company	Date Submitted
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Pacific Gas & Electric Company (PG&E) appreciates the opportunity to participate in the CAISO's Market Initiatives Roadmap stakeholder process and to submit comments regarding the September 18, 2009 Detailed Ranking of High Priority Market Enhancements and the September 25, 2009 CAISO presentation.

PG&E believes this is an important stakeholder process and offers the following comments regarding the CAISO's Detailed Ranking of High Priority Market Enhancements:

Load Aggregation Point Granularity

Request Technical Conference in 2009.

PG&E understands that FERC has mandated this initiative to be implemented within three years of MRTU go-live, or April 1, 2012. Although the CAISO estimates its implementation efforts will be minimal, we believe that the effort could be significant for other market participants and organizations which will provide the metering necessary to support increased LAP granularity (i.e., transmission owners which provide the SCADA data).

To ensure that all market participants and transmission organizations understand the scope, timeline, and requirements of this initiative, we recommend that the CAISO initiate a technical conference by the end of 2009 to discuss these issues. We want to ensure all organizations have adequate time to prepare for this change and any potential issues are identified early in the initiative process. The recommendation to have a technical conference in 2009 should not be interpreted as a desire to accelerate the timeline, but, instead, a prudent request to meet an ambitious April 2012 deadline.

Based on the September 18th Draft Final Proposal and the September 25th conference call, it is our understanding that the CAISO can implement sub-LAP load participation for less than \$1 million. We welcome the CAISO's cost effective approach to this initiative. However, we would like to get a fuller understanding of the incremental impacts on the CAISO's systems (e.g.,

changes in forecasting, metering, etc.). We hope to have this discussion at the initial technical conference.

Multi-Day Unit Commitment the IFM - Initial Conditions Management

Request the CAISO explore the benefits and feasibility of a separate ICM implementation in the initial Multi-Day initiative white paper.

PG&E agrees with the ISO's decision to rank Multi-Day Unit Commitment as a high priority initiative but recommends separating Initial Conditions Management (ICM) as a separate initiative. As indicated in previous comments PG&E believes ICM can be implemented quickly and yield beneficial results as an independent upgrade. The CAISO indicated in the Sept. 25th call that the stand-alone implementation of ICM can be explored as part of the Multi-Day Unit Commitment stakeholder process. PG&E is seeking a commitment from the CAISO to explore the benefits and feasibility of a separate ICM implementation in the initial Multi-Day initiative white paper.

Addressing Ramping Capacity Constraints

Recommend tuning market processes and parameters and improving market inputs before consideration of new A/S products.

PG&E is supportive of the CAISO's efforts to address ramping capacity problems. However, using the Ramping Capacity initiative to promote the creation of new ancillary service products, such as a 30-minute A/S product, seems premature. This is especially true since the CAISO explored the possible market benefits of a 30-minute A/S product in a stakeholder process less than one year ago. As a result of that effort, the CAISO, with input from stakeholders, decided not to pursue this product.

The September 2nd FERC order¹ does not specifically request the creation of A/S products but rather "products and/or solutions" to address the issue of exceptional dispatch. We believe the best approach in minimizing instances of exceptional dispatch is tuning market processes and parameters and improving market inputs. We recommend these solutions are fully explored before the CAISO considers a new A/S product.

General Process

Observe that no rankings have changed in last month of stakeholder engagement.

While the CAISO has generally been receptive to stakeholder input, PG&E notes that the rankings and scores did not change between the Preliminary and Final Draft Proposals, despite significant input from ten of the market's most active participants. PG&E did not expect nor did we request a completely new ranking. However, in the interest of a transparent and credible

¹ See FERC Order Accepting Tariff Revisions, Subject To Modification, Issued September 2, 2009, in Docket Nos. ER08-1178-003 EL08-88-004, at ¶51.

process, PG&E requests that the CAISO incorporate important stakeholder input throughout the entire Market Initiatives stakeholder process.